

Appendix J: Cost Neutrality Demonstration**J-1: Composite Overview and Demonstration of Cost-Neutrality Formula**

Composite Overview. Complete the fields in Cols. 3, 5 and 6 in the following table for each waiver year. The fields in Cols. 4, 7 and 8 are auto-calculated based on entries in Cols 3, 5, and 6. The fields in Col. 2 are auto-calculated using the Factor D data from the J-2-d Estimate of Factor D tables. Col. 2 fields will be populated ONLY when the Estimate of Factor D tables in J-2-d have been completed.

Level(s) of Care: Nursing Facility, ICF/IID

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
Year	Factor D	Factor D'	Total: D+D'	Factor G	Factor G'	Total: G+G'	Difference (Col 7 less Column 4)
1	23176.37	18692.00	41868.37	37423.00	14892.00	52315.00	10446.63
2	22999.86	16049.78	39049.64	39753.00	15711.00	55464.00	16414.36
3	22870.22	13506.23	36376.45	42228.00	16575.00	58803.00	22426.55
4	23521.76	13923.55	37445.31	44857.00	17487.00	62344.00	24898.69
5	24203.64	14352.71	38556.35	47650.00	18449.00	66099.00	27542.65

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- a. **Number Of Unduplicated Participants Served.** Enter the total number of unduplicated participants from Item B-3-a who will be served each year that the waiver is in operation. When the waiver serves individuals under more than one level of care, specify the number of unduplicated participants for each level of care:

Table: J-2-a: Unduplicated Participants

Waiver Year	Total Unduplicated Number of Participants (from Item B-3-a)	Distribution of Unduplicated Participants by Level of Care (if applicable)	
		Level of Care:	Level of Care:
		Nursing Facility	ICF/IID
Year 1	1510	1462	48
Year 2	1568	1518	50
Year 3	1628	1576	52
Year 4	1690	1636	54
Year 5	1755	1699	56

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- b. **Average Length of Stay.** Describe the basis of the estimate of the average length of stay on the waiver by participants in item J-2-a.

Estimate based on 372 reports.

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- c. **Derivation of Estimates for Each Factor.** Provide a narrative description for the derivation of the estimates of the following factors.

- i. **Factor D Derivation.** The estimates of Factor D for each waiver year are located in Item J-2-d. The basis for these estimates is as follows:

Prior to 04/2016: Unduplicated # of users for each service was based on the number of recipients as of 6/30/13 and projected to year end 9/30/14. Unduplicated users is projected to increase by 6% in 2015, and then is flat thereafter. The average annual number of units per recipient was based on the expenditures from the 372 divided by the rate for each service to obtain the total number of units used, this was then divided by the number of recipients to obtain the average number of units used per recipient. An inflation rate of 4% is assumed per year.

After 04/2016 - To estimate the fee-for-service population in Waiver Year 2, the State assumed that the same number of unique individuals would receive services for the waiver year, although half will be on a fee-for-service basis and half will be incurred under managed care. As such, the average cost per unit is illustrated as a combination of that assumed previously for the fee-for-service population blended with a half year at the assumed managed care unit cost rates. The cost per unit for services delivered under managed care were developed as the fee-for-service cost per unit amounts grossed up to reflect total capitation payment reimbursement representing the average LTSS blended capitation rate for the rate cells.

Factor D and Factor D' are not impacted by the increase in the population. However, Factor D and Factor D' are impacted by the transition from a fee-for-service program to a managed care capitation rate program. The increase in the number of unduplicated participants reflects the managed care programs incentive to move individuals from the institutional setting to the HCBS waiver community setting.

- ii. **Factor D' Derivation.** The estimates of Factor D' for each waiver year are included in Item J-1. The basis of these estimates is as follows:

Prior to 04/2016: This comes from the MMIS system for other paid Medicaid services. An annual increase of 5.5% was assumed. The pharmacy point of sale system denies all Medicare Part D claims except the drugs that are on the excluded drug list by CMS. This does not allow Medicare Part D drug costs to be included in the Factor D' cost.

After 04/2016 - To estimate the fee-for-service population in Waiver Year 2, the State assumed that the same number of unique individuals would receive services for the waiver year, although half will be on a fee-for-service basis and half will be incurred under managed care. As such, the average cost per unit is illustrated as a combination of that assumed previously for the fee-for-service population blended with a half year at the assumed managed care unit cost rates. The cost per unit for services delivered under managed care were developed as the fee-for-service cost per unit amounts grossed up to reflect total capitation payment reimbursement representing the average LTSS blended capitation rate for the rate cells.

Factor D and Factor D' are not impacted by the increase in the population. However, Factor D and Factor D' are impacted by the transition from a fee-for-service program to a managed care capitation rate program. The increase in the number of unduplicated participants reflects the managed care programs incentive to move individuals from the institutional setting to the HCBS waiver community setting.

Factor D' reflects the cost under the managed care capitation rate program. The BI waiver population has a capitation rate for waiver services (i.e., Factor D') that was blended with other HCBS waivers. Factor D' reflects the managed care capitation rate for the BI waiver population, which has been blended with other populations due to limited number of lives in the BI waiver population, which created a credibility issue for establishing the capitation rate. Factor G' has been reported without modification from the initial waiver filing.

- iii. **Factor G Derivation.** The estimates of Factor G for each waiver year are included in Item J-1. The basis of these estimates is as follows:

This estimate comes from actual paid claims in the MMIS system and taken from the MSIS reports. An annual increase of 6% was assumed.

- iv. **Factor G' Derivation.** The estimates of Factor G' for each waiver year are included in Item J-1. The basis of these estimates is as follows:

This estimate comes from actual paid claims in the MMIS system and taken from the MSIS reports. An annual increase of 5.5% was assumed. Under the updated amendment, Factor D and Factor D' increase on an annual basis at approximately 3.0% per year. The projected increase was based on an estimate of future

increases to capitation rates under the managed care program. The change in the number of lives does not have any influence over the calculation of Factor G and/or Factor G'. These are established from historical data and have been maintained from the prior waiver amendment filings. Factor G' was carried forward without adjustment from the prior 1915(c) waiver filing. The percentage for Factor G' is derived from historical Iowa Medicaid cost trends.

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Component management for waiver services. If the service(s) below includes two or more discrete services that are reimbursed separately, or is a bundled service, each component of the service must be listed. Select "*manage components*" to add these components.

Waiver Services	
Adult Day Care	
Case Management	
Consumer Directed Attendant Care - Skilled	
Prevocational Services	
Respite	
Supported Employment	
Specialized Medical Equipment	
Financial Management Service - Supports the self-direction option	
Behavioral Programming	
Consumer Directed Attendant Care (CDAC) unskilled	
Family Counseling and Training Services	
Home and Vehicle Modification	
Independent Support Broker - Consumer Choices Option	
Interim Medical Monitoring and Treatment (IMMT)	
Personal Emergency Response System or Portable Locator System	
Self Directed Community Support and Employment	
Self Directed Goods and Services	
Self Directed Personal Care - Consumer Choices Option	
Supported Community Living	
Transportation	

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d. Estimate of Factor D.

ii. Concurrent §1915(b)/§1915(c) Waivers, or other authorities utilizing capitated arrangements (i.e., 1915(a), 1932(a), Section 1937). Complete the following table for each waiver year. Enter data into the Unit, # Users, Avg. Units Per User, and Avg. Cost/Unit fields for all the Waiver Service/Component items. If applicable, check the capitation box next to that service. Select Save and Calculate to automatically calculate and populate the Component Costs and Total Costs fields. All fields in this table must be completed in order to populate the Factor D fields in the J-1 Composite Overview table.

Waiver Year: Year 1

Waiver Service/ Component	Capitation	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Component Cost	Total Cost
Adult Day Care							
Total:							764091.28
Adult Day Care - Full Day	<input type="checkbox"/>					652585.02	

Waiver Service/ Component	Capitation	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Component Cost	Total Cost
		Day	91	125.90	56.96		
Adult Day Care - Half Day		Half Day	31	52.90	36.47	59807.15	
Adult Day Care - Extended Day		Day	4	180.80	64.53	46668.10	
Adult Day Care - 15 Minutes		15 Minutes	1	1245.30	4.04	5031.01	
Case Management Total:							3325777.00
Case Management		15 Minutes	1288	45.50	56.75	3325777.00	
Consumer Directed Attendant Care - Skilled Total:							389061.33
CDAC Skilled Agency		15 Minutes	14	1440.00	5.52	111283.20	
CDAC Skilled Individual		15 Minutes	17	4577.00	3.57	277778.13	
Prevocational Services Total:							255658.72
Pre-Vocational Service, Daily		Day	51	99.70	50.28	255658.72	
Pre-Vocational Service, Hour		Hour	0	0.00	0.01	6.00	
Respite Total:							2874729.49
Respite - Camp		15 Minutes	1	4.00	6.87	27.48	
Respite - HHA specialized		15 Minutes	11	803.00	9.47	83648.51	
Weekend On-Site Respite - Camp		15 Minutes	3	704.00	7.18	15164.16	
Group Specialized Summer Day Camp		15 Minutes	9	163.20	6.87	10090.66	
Respite - Home Care Agcy & Non- Facility, Group		15 Minutes	77	482.20	6.85	254336.39	
Teen Day Camp - 13 to 21 years old		15 Minutes	1	271.00	10.96	2970.16	
Respite - Home Care Agcy & Non- Facility, Specialized		15 Minutes	11	80.00	95.06	83652.80	
Respite - Child Care		15 Minutes	3	200.60	7.44	4477.39	
Respite - ICF/ID		15 Minutes	3	960.00	7.02	20217.60	
Respite - Home Care Agcy & Non- Facility, Basic Individual		15 Minutes	341	658.80	9.04	2030843.23	
Respite - hospital or nursing facility/skilled		15 Minutes	1	552.00	7.43	4101.36	
Respite Resident Camp - Weeklong		15 Minutes	3	115.00	5.39	1859.55	

Waiver Service/ Component	Capitation	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Component Cost	Total Cost
Respite - HHA basic individual	<input type="checkbox"/>	15 Minutes	84	525.00	8.07	355887.00	
Respite - Foster Group Care	<input type="checkbox"/>	15 Minutes	1	2.00	7.50	15.00	
Respite - RCF	<input type="checkbox"/>	15 Minutes	1	960.00	7.02	6739.20	
Respite - Assisted Living Program	<input type="checkbox"/>	15 Minutes	0	0.00	0.01	0.00	
Respite Adult Day Care	<input type="checkbox"/>	15 Minutes	1	50.00	13.98	699.00	
Supported Employment Total:							417147.01
Maintain Employment - Small Group	<input type="checkbox"/>	15 Minutes	29	510.00	7.59	112256.10	
Enhanced Job Search	<input type="checkbox"/>	15 Minutes	1	48.00	9.88	474.24	
Job Development	<input type="checkbox"/>	Service	16	1.10	1031.84	18160.38	
Employer Development	<input type="checkbox"/>	Service	1	1.00	1027.61	1027.61	
Maintain Employment - Individual	<input type="checkbox"/>	15 Minutes	67	437.60	9.71	284689.43	
Obtain a Job	<input type="checkbox"/>	15 minutes	1	1.00	539.24	539.24	
Specialized Medical Equipment Total:							49960.93
Specialized Medical Equipment	<input type="checkbox"/>	Occurrence	43	1.70	683.46	49960.93	
Financial Management Service - Supports the self-direction option Total:							304527.45
Financial Management Service - Supports the self-direction option	<input type="checkbox"/>	Month	353	9.20	93.77	304527.45	
Behavioral Programming Total:							6.00
Behavioral Programming	<input type="checkbox"/>	15 minutes	0	0.00	0.01	6.00	
Consumer Directed Attendant Care (CDAC) unskilled Total:							3501412.87
CDAC - Unskilled Agency	<input type="checkbox"/>	15 Minutes	126	1439.80	5.52	1001409.70	
CDAC - Unskilled Individual	<input type="checkbox"/>	15 Minutes	153	4577.00	3.57	2500003.17	
Family Counseling and Training Services Total:							63988.85
Family Counseling and Training Services	<input type="checkbox"/>	15 Minutes	22	238.80	12.18	63988.85	
Home and Vehicle Modification Total:							164428.26

Waiver Service/ Component	Capitation	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Component Cost	Total Cost
Home and Vehicle Modification		Occurrence	53	1.20	2585.35	164428.26	
Independent Support Broker - Consumer Choices Option Total:							51636.84
Independent Support Broker - Consumer Choices Option		Hour	353	9.20	15.90	51636.84	
Interim Medical Monitoring and Treatment (IMMT) Total:							19529.60
IMMT, HHA		15 Minutes	1	718.00	5.44	3905.92	
IMMT, RN		15 Minutes	4	718.00	5.44	15623.68	
Personal Emergency Response System or Portable Locator System Total:							55301.95
Personal Emergency Response - Initial		Installation	18	1.40	50.50	1272.60	
Personal Emergency Response - Ongoing		Month					